



Florida House of Representatives
Representative Erik Fresen
District 111

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March 5, 2010

Dear Ms. Wehle,

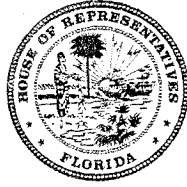
I hope this letter finds you and yours well. As you know, we have just begun our work for the 2010 Legislative session and the economic conditions we are confronting are, to put it lightly, austere. We are facing double-digit unemployment, declining property values, and an increase in demand for government services (education, law enforcement, healthcare, etc.) We will be forced to prioritize our budgets so that only the most meaningful services and projects will be funded with *taxpayers'* dollars without adding to their burden and *focus on saving and creating jobs*.

Projects that previous Legislatures may have envisioned years ago when the economy was booming have to be re-analyzed and, in many cases, delayed or scrapped altogether in order to ensure that Floridians' most critical priorities are met. The conditions that are creating this budget crisis are not unique to the State budget and affect all forms of government, including the South Florida Water Management District (SFWMD).

After reviewing information produced by your agency, I am unclear how the District intends to finance the acquisition, given its current and projected financial shortfalls.

Documents reveal that at the time of the \$536 million purchase's approval by the District's governing board, your agency's finances scarcely covered the acquisition's cost, even after significantly scaling down the purchase.

Since that time, new budget projections substantially reduce the expected 2011 to 2014 ad valorem revenues of the District. Assuming tax rates stay constant, that revenue would drop from \$525 million in Fiscal Year 2009 to \$405 million by 2011, according to the District's January 2010 budgetary estimates. In light of these numbers, we would like the District to explain its plan of how to afford the \$45 million-\$55 million annual debt service in the face of such large declines in revenue. These calculations reflect simply a cursory review on my part, the situation may be worse. Moreover, the District's own financial advisors (see attached letter) have expressed serious concerns over continuing down this path.



Further troubling is the District's operation and maintenance backlog of more than \$1 billion worth of deferred maintenance. We, therefore, seek to gain a clearer understanding of how your agency intends to fulfill its core responsibilities, while also tackling the River of Grass (ROG) acquisition at a time of falling ad valorem revenues. The District's only choice appears to be an increase in taxes to pay for the ROG acquisition. The SFWMD currently levies .67 mils. The statutory cap is .8 mils and the constitutional cap is 1 mil. The District, theoretically, could raise an additional \$120 M without legislative approval if it goes to the statutory cap during its summer budgeting process. This scenario is, simply put, unacceptable.

To this end, we respectfully request your appearance before the delegations of the 16 counties that comprise the South Florida Water Management District on March 9, 2010, at a time that is convenient to you. We request that you guide the delegation members through several details regarding the District's proposed purchase of 73,000 acres of land from United States Sugar Corporation as well as the District's current financial state that has caused great concern about your agency's ability to perform its core functions. We would appreciate if you would guide us through a detailed explanation of how your agency intends to pay for the aforementioned items as well as give us an understanding of how the District's expenditure priorities are in line with what Floridians need the most.

It is critical that any actions taken be by the District are fiscally prudent in light of the financial shortfalls both at the State and District levels and that a commitment to expenditures not be made that will inevitably lead to a substantial tax increases and burden to our citizens. Thank you in advance for your thoughtful consideration of this request. I look forward to hearing from you so we can coordinate this meeting.

Kindest regards,

A handwritten signature in black ink, appearing to read "Erik Friesen", is written over the typed name.

Erik Friesen

State Representative, Dist. 111